

# HOW TO FOSTER LOCAL EMPLOYMENT AND VALUE CREATION THROUGH RE/EE: SOME KEY HYPOTHESES

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## SE4JOBS in a Nutshell: What is it about?

- Examine more closely and systematically the **nexus** between **RE/EE deployment** and **local socio-economic development**
- Topical focus: identification of global “**good practices**” and **success models**, especially in developing and emerging countries, as regards the optimization of local employment/value creation via RE/EE
- Distinguish **key variables** and **causal relationships** that explain best the particular trajectories and ultimate success of the reference cases
- Serve as a **source of inspiration** and a **point of reference** to support policy debates and decision making in partner countries (plus to improve the work of intl. cooperation and technical assistance)



## SE4JOBS: A New Expert Platform launched by GIZ

- ✓ Launched in the **2<sup>nd</sup> half of 2014** by **6 GIZ Projects** interested in the linkages between sustainable energy & socio-economic development:
  - Regional Project RE-ACTIVATE
  - Sector Project Sustainable Economic Development
  - Sector Project Employment Promotion
  - Sector Project Private Sector Promotion
  - Sector Project Financial System Development
  - Sector Project Technology Cooperation in the Energy Sector



## What are the expected outcomes of SE4JOBS?

- **New, flexible, customized tools and formats for technical assistance and capacity building**, developed in consultation and cooperation with GIZ projects and partners : **SE4JOBS Toolkit, Good Practice Country Studies, Online Datasets, evt. Training Modules...**
- **Strategic and methodological advise and support** for the design and development of coherent and integrated strategy building, decision making and multi-stakeholder processes in partner countries
- **Practical and operational advise and support** for the preparation and implementation of policies and actions via provision of expertise and targeted input, plus capacity building for selected stakeholders



## What are the expected impacts of SE4JOBS?

- The **interdependencies and tradeoffs** that exist between the various technology pathways and policy options are better understood. This leads to more informed and more coherent policies and processes.
- **Complementarities and synergies** can be recognized and harnessed more effectively and efficiently, incl. through a better cooperation of stakeholders, a better pooling of resources, and a better alignment and coordination (or integration) of sector policies and policy tools.
- The **quality of the roll-out of RE/EE in partner countries** is supported and leads to stronger socio-economic benefits for local populations.
- New possibilities of **political participation and stakeholder inclusion** are created, **public acceptance and support** for RE/EE are reinforced.



## What are the main steps along this way?

- SE4JOBS Kick-off Workshop in Eschborn on 13.10.2014
- 1<sup>st</sup> SE4JOBS Expert Workshop in Rabat on 25.03.2015
- 2<sup>nd</sup> SE4JOBS Expert Workshop in Tunis on 09.06.2015
- Presentation of the first toolkit version at the GIZ Global Sector Meeting in July 2015 and at the Beirut Energy Forum in Sep. 2015
- 3<sup>rd</sup> SE4JOBS Expert Workshop in Cairo in October 2015
- Presentation of the final toolkit version at the COP 21 in Paris in Nov. 2015 and at the World Future Energy Summit Abu Dhabi in Jan. 2016



## What are the objectives of the workshop?

- To present/discuss key findings of SE4JOBS to this date
- To present/discuss key conclusions on which (new) instruments and approaches can help to optimize socioeconomic effects of RE/EE
- To present/discuss the structure and content of the new SE4JOBS Toolbox to be finalized until the end of the year
- To engage in a targeted exchange with stakeholders from MENA and collect relevant experience and examples from within the region
- To discuss interests and demands of users and target groups
- To discuss opportunities for cooperation and implementation



## Some Key Hypotheses and Preliminary Conclusions 1

- The **socio-economic dimension of RE/EE** is moving **up the political agenda globally**. This coincides and often correlates with a soaring of investment and value creation activities for RE/EE from developing and emerging countries , which further fuel the drop of unit costs. Some countries have managed to gain a central position in emerging RE/EE markets and to generate over-proportional socio-economic benefits for their populations, esp. in terms of jobs and value added.
- This shift has led to a strong **increase of the number and range of experiences and approaches** that have been pursued, have proven successful and can serve as examples. But to date there is not a single one that can claim “best practice status”. Even the knowledge base on “good practices” is still evolving and is far from consolidated.





## Some Key Hypotheses and Preliminary Conclusions 2

- Furthermore, despite the spectacular advances and market inroads of developing and emerging countries in evolving RE/EE markets, the **lion's share of value creation and especially of manufacturing activities** is de facto still concentrated in a relatively **small set of countries**, even though in theory it is open to all of them.
- However, with the maturing of RE/EE technologies and industrial processes, a **new group of (often smaller) “RE/EE tigers”** is emerging that is positioning itself in certain technology and market segments (as users, producers, and potentially also exporters), with often important local value and employment creation effects.



## Some Key Hypotheses and Preliminary Conclusions 3

- A **certain number of key elements** can be distilled which all the successful frontrunners share : These are first and foremost **functioning domestic markets** to trigger the necessary investments.
- Such markets depend on **sound framework conditions and adapted support instruments** that provide the necessary stimuli for market actors and correct the most blatant market failures.
- **Policy measures** are needed to create and operate these; they must be adapted to the respective **national circumstances** and provide for the necessary **internal coherence**.



## Some Key Hypotheses and Preliminary Conclusions 4

- These policies must be based on a sound analysis of one's strengths and weaknesses, translated into clear, ambitious, yet realistic goals and targets, supported by a broad coalition of relevant stakeholders in politics, business, the media, and civil society, accompanied by a corresponding alignment of policies, tools, resources, and activities, and providing for inter-sectoral synergies and cross-fertilizations.
- Ideally, these policies should be based on a **strategy** that connects the potentials and preferences of a society, organizes a roll-out pathway, and mobilizes the needed financial and technical support.
- Recognizing and addressing **trade-offs** and conflicting interests and objectives is key for designing and implementing the right policies.



## Some Key Hypotheses and Preliminary Conclusions 5

- A **larger participation of the local workforce & business community, esp. of MSMEs**, is crucial for stepping up the pace and scope of RE/EE deployment, while further bringing down delays and costs linked to it.
- It is of key importance is to **enable actual or prospective local economic actors** (investors, project developers, off-takers...) to correctly recognize and capture/access emerging markets niches and develop or require the corresponding products and services.
- It is esp. important to focus on technology/market segments which exhibit comparatively **low entry barriers** to local economic actors and which offer **over-average employment effects** for local target groups.



## Some Key Hypotheses and Preliminary Conclusions 6

- The current focus of many countries on capital-intensive, centrally operated utility-scale plants should be complemented by a stronger emphasis on **decentralized approaches: i.e.** distributed generation (small-scale PV and wind, SWHs, solar pumps, off-grid or micro-grids applications ...) in conjunction with **energy efficiency** enhancing measures, esp. in industry, agriculture, and construction.



## Some Key Hypotheses and Preliminary Conclusions 7

- Skill and capacity building at both individual and institutional levels are particularly crucial: performance gaps need to be overcome, and quality issues need to be resolved, so that the necessary longevity and profitability of the installations can be guaranteed.
- A clear priority should therefore be given to human capacity building: this should include encouraging cooperation between education and business at both academic and TVET levels, enhancing applied research and TVET+LLL, while always considering the informal sector.



## Some Key Hypotheses and Preliminary Conclusions 8

- Tangible benefits for local populations are crucial for fostering social support, political legitimacy and local ownership, all of which are key for the notion of sustainability.
- State interventions and support instruments should be geared toward helping local economic actors to become competitive and being able to deliver quality. If rents are created, they should be limited in time and oriented toward reaching these goals.